

March 11, 2022

**TO OUR SHAREHOLDERS:**

**SHOWA DENKO K.K.**

(Securities Code: 4004)

13-9, Shiba Daimon 1-Chome, Minato-ku,  
Tokyo, Japan

Hidehito Takahashi

President and Chief Executive Officer

**Notice of Convocation of the 113<sup>th</sup> Ordinary General Meeting of Shareholders**

The 113<sup>th</sup> Ordinary General Meeting of Shareholders of Showa Denko K.K. will be held as described below and you are cordially invited to attend the Meeting.

**Instead of attending the Meeting, you can exercise your voting rights in writing or by electronic means (including the use of the Internet). If you want to do so, please exercise your voting rights after reviewing the following Reference Materials for the General Meeting of Shareholders.**

- 1. Date and Hour** Wednesday, March 30, 2022 at 10:00 a.m.  
**2. Place** Tokyo International Forum (Hall B7)  
5-1, Marunouchi 3-Chome, Chiyoda-ku, Tokyo, Japan

**3. Matters constituting the Purpose of the Meeting:**

- Matters to be Reported:** (1) Reports on the Business Report and the Consolidated Financial Statements for the 113<sup>th</sup> Business Term (January 1, 2021 to December 31, 2021), and reports on the Auditing Results from Accounting Auditors and the Audit & Supervisory Board.  
(2) Reports on the Non-consolidated Financial Statements for the 113<sup>th</sup> Business Term (January 1, 2021 to December 31, 2021).

**Matters to be Resolved upon:**

- Proposal No. 1:** Appropriation of Surplus  
**Proposal No. 2:** Partial Amendment to the Articles of Incorporation  
**Proposal No. 3:** Election of Ten Directors  
**Proposal No. 4:** Election of One Audit & Supervisory Board Member  
**Proposal No. 5:** Revision of the Maximum Amount of Compensation Payable to Directors  
**Proposal No. 6:** Revision of the Maximum Amount of Performance-linked Stock Compensation Payable to Directors  
**Proposal No. 7:** Payment of Short-term-performance-linked Compensation (Bonus) to Directors

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**4. Other Matters that have been decided by the Board of Directors before Convocation:**

Repeated voting:

- 1) If the voting rights are exercised both in writing and via the Internet, the voting via the Internet will be regarded as effective.
- 2) If the voting rights are exercised repeatedly using one and the same method, either via the Internet or in writing, the last voting will be regarded as effective.

## 5. Methods for exercising voting rights for shareholders who do not expect to attend the Meeting:

### 1) Exercise of voting rights in writing (by mail)

Please indicate your consent or dissent to the proposals on the enclosed Card for Exercise of Voting Rights, and return it by mail to reach us no later than 5:45 p.m. on Tuesday, March 29, 2022.

### 2) Exercise of voting rights via the Internet, etc.

Please log on to the designated website for exercise of voting rights at <https://soukai.mizuho-tb.co.jp/>. Enter your code number and password as provided on the enclosed Card for Exercise of Voting Rights and, by following the instructions on the computer screen, enter your consent or dissent and send it to reach us no later than 5:45 p.m. on Tuesday, March 29, 2022. For your information, we are also a member to the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc.

- ✧ Upon attending the Meeting, please present the enclosed Card for Exercise of Voting Rights to the receptionist.
- ✧ Among documents which are expected be attached to this Notice, Statement of Changes in Consolidated Shareholders' Equity, Notes to Consolidated Financial Statements, Statement of Changes in Non-consolidated Shareholders' Equity, and Notes to Non-consolidated Financial Statements are published through the Company's website at <https://www.sdk.co.jp/>. Therefore, Consolidated Financial Statements and Non-consolidated Financial Statements included in this Notice and its Accompanying Documents are part of those documents audited by Auditors and Audit & Supervisory Board Members during the process to produce the Audit Report.
- ✧ When the need arises to amend Reference Materials for the General Meeting of Shareholders, Business Report, Consolidated Financial Statements, or Non-consolidated Financial Statements, such amendments will be announced on the Company's website at <https://www.sdk.co.jp/>.
- ✧ When the need arises to amend operations of this Ordinary General Meeting of Shareholders, such amendments will be announced on the Company's website at <https://www.sdk.co.jp/>.

## Reference Materials for the General Meeting of Shareholders

### Proposals and References

#### Proposal No. 1: Appropriation of Surplus

It is proposed that surplus be appropriated as follows:

It is the Company's basic policy to decide on the distribution of dividends in consideration of earnings performance of the relevant business term and the need to retain earnings for future business development.

Concerning the term-end dividends for this term, the Company, after taking into account the business results of the term as well as the need to improve future competitiveness and financial strength, proposes a term-end dividend as described below. If this proposal is approved, the total amount of dividends paid for this term per common share of the Company will be 65 yen. There is no matter related to the appropriation of other surplus.

(1) Type of dividend assets

Cash

(2) Matters related to the appropriation of dividend assets and total amount thereof:

65 yen per common share of the Company      Total amount: 11,787,623,185 yen

(3) Effective date for appropriation of surplus:

March 31, 2022

#### Proposal No. 2: Partial Amendment to the Articles of Incorporation

1. Objective of changes

Provisory Clause of Article 1 of Additional Clauses for the "Act for Partial Amendment of Company Act" (Act No. 70 of 2019) is expected to be enforced on September 1, 2022. To prepare for the introduction of system that allows corporations to provide documentary materials for general meetings of shareholders via electronic media, the Company proposes amendment to its Articles of Incorporation as described below.

- (1) Proposed changes in Article 15, Section 1 of the Articles of Incorporation is to enable the Company to provide information included in Reference Materials for the General Meeting of Shareholders via electronic media.
- (2) Proposed changes in Article 15, Section 2 of the Articles of Incorporation is to stipulate provision that enables the Company to limit information provided via printed document to shareholders who asked for provision of printed Materials for the General Meeting of Shareholders.
- (3) The Company proposes to delete current provisions in Article 15 which stipulates Disclosure of Reference Materials for the General Meeting of Shareholders, etc. via the Internet and Deemed Provision. Therefore the Company proposes to delete the current provisions in Article 15.
- (4) The Company proposes to stipulate Supplementary Provisions to the Articles of Incorporation, which are necessary to stipulate the dates on which proposed delete of and changes in Articles come into effect.

2. Details

Proposed changes in Articles of Incorporation are as follows:

(Underlined parts represent planned amendments.)

Current document	Planned changes
<p>(Disclosure of Reference Materials for the General Meeting of Shareholders, etc. via the Internet and Deemed Provision)</p> <p>Article 15 This corporation may disclose via the Internet, in accordance with the provisions of relevant ordinances of the Ministry of Justice, the information that needs to be contained in Reference Materials for the General Meeting of Shareholders, Business Report, Non-consolidated Financial Statements and Consolidated Financial Statements, and deem that such information has been provided to the shareholders.</p> <p>(to be newly created)</p> <p>(to be newly created)</p>	<p>(to be deleted)</p> <p><u>(Provision of Information to be Included in Reference Materials for the General Meeting of Shareholders, etc., via Electronic Media)</u></p> <p><u>Article 15</u> <u>This corporation shall provide information contained in Reference Materials for the General Meeting of Shareholders and other materials via electronic media, when this corporation convokes a general meeting of shareholders.</u> <u>②This corporation may deliver printed documents that do not include the entire, or a part of, information contained in Reference Materials for the General Meeting of Shareholders and other materials delivered via electronic media which are allowed by relevant ordinances of the Ministry of Justice not to be included in such documents, to shareholders who ask this corporation by the Record Date, which is set to determine shareholders with voting rights, to provide them with such printed documents.</u></p> <p><u>(Supplementary Provisions)</u> <u>①Deletion of current Article 15 of the Articles of Incorporation (Disclosure of Reference Materials for the General Meeting of Shareholders, etc. via the Internet and Deemed Provision) and creation of new Article 15 (Provision of Information to be Included in Reference Materials for the General Meeting of Shareholders, etc., via Electronic Media) shall be effective on the date (hereinafter “the date of enforcement”) on which the revised Provisory Clause of Article 1 of Additional Clauses for the “Act for Partial Amendment of Company Act” (Act No. 70 of 2019) is enforced.</u> <u>②Regardless of the provisions stipulated in the preceding clause, the current Article 15 of the Articles of Incorporation shall be effective with regard to</u></p>

	<p><u>general meetings of shareholders to be held within six months from the date of enforcement.</u></p> <p><u>③These Supplementary Provisions shall be deleted on either of the later day on which six months from the date of enforcement have passed or three months from the date of general meetings of shareholders mentioned in the preceding clause have passed.</u></p>
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### Proposal No. 3: Election of Ten Directors

The term of office of all the ten Directors is to expire at the close of this ordinary general meeting of shareholders.

The Company proposes election of ten Directors.

The list of candidates is as follows:

Candidate No.	Name	Current Position and Duties at the Company	Statuses
1	Kohei Morikawa	Representative Director; Chairman of the Board	To be reelected
2	Hidehito Takahashi	Representative Director; President and Chief Executive Officer (CEO)	To be reelected
3	Hisashi Maruyama	Director	To be reelected
4	Hiroshi Sakai	Director; Managing Corporate Officer; Chief Technology Officer (CTO)	To be reelected
5	Hideki Somemiya	Managing Corporate Officer; Chief Financial Officer (CFO)	To be newly elected
6	Tomomitsu Maoka	Managing Corporate Officer; Chief Strategy Officer (CSO)	To be newly elected
7	Masaharu Oshima	Director	To be reelected Outside Independent
8	Kiyoshi Nishioka	Director	To be reelected Outside Independent
9	Kozo Isshiki	Director	To be reelected Outside Independent
10	Noriko Morikawa	Director	To be reelected Outside Independent

To be reelected: Candidate for Director to be reelected

To be newly elected: Candidate for Director to be newly elected

Outside: Candidate for Outside Director

Independent: Candidate for Independent Director under the provisions of the stock exchange, etc.

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held												
1	Kohei Morikawa (June 6, 1957)  <span style="border: 1px solid black; padding: 2px;">To be reelected</span>	<p>Reason for nomination as a candidate for Director After taking charge of Chemicals section through many years, in 2017, he was appointed as President and CEO, and has been supervising and promoting business strategy of the whole Company since then. In addition, he has been promoting integration of the Company and Showa Denko Materials Co., Ltd.</p> <p>He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged that, as Representative Director and Chairman of the Board, he is suitable for promoting the effectiveness of the Board of Directors and strengthening of its supervisory function to enhance corporate value, and nominated him as a candidate for Director.</p> <p>Personal history and positions at the Company</p> <table border="0" style="width: 100%;"> <tr> <td style="width: 20%;">April 1982</td> <td>Joined the Company</td> </tr> <tr> <td>January 2013</td> <td>Corporate Officer; General Manager, Electronic Chemicals Division</td> </tr> <tr> <td>January 2016</td> <td>Managing Corporate Officer; Chief Technology Officer (CTO)</td> </tr> <tr> <td>March 2016</td> <td>Director; Managing Corporate Officer; Chief Technology Officer (CTO)</td> </tr> <tr> <td>January 2017</td> <td>Representative Director; President and Chief Executive Officer (CEO)</td> </tr> <tr> <td>January 2022</td> <td>Representative Director; Chairman of the Board (incumbent) (up to the present)</td> </tr> </table> <p>Important Concurrent Post: Chairman, Japan Chemical Industry Association</p> <p>Term of office as a Director: 6 years</p> <p>Number of attendance at the Board of Directors' meeting: 14/14</p>	April 1982	Joined the Company	January 2013	Corporate Officer; General Manager, Electronic Chemicals Division	January 2016	Managing Corporate Officer; Chief Technology Officer (CTO)	March 2016	Director; Managing Corporate Officer; Chief Technology Officer (CTO)	January 2017	Representative Director; President and Chief Executive Officer (CEO)	January 2022	Representative Director; Chairman of the Board (incumbent) (up to the present)	17,100 shares
April 1982	Joined the Company														
January 2013	Corporate Officer; General Manager, Electronic Chemicals Division														
January 2016	Managing Corporate Officer; Chief Technology Officer (CTO)														
March 2016	Director; Managing Corporate Officer; Chief Technology Officer (CTO)														
January 2017	Representative Director; President and Chief Executive Officer (CEO)														
January 2022	Representative Director; Chairman of the Board (incumbent) (up to the present)														

2	<p style="text-align: center;">Hidehito Takahashi (July 21, 1962)</p> <p style="text-align: center; border: 1px solid black; padding: 2px;">To be reelected</p>	<p>Reason for nomination as a candidate for Director</p> <p>He has proven track record as corporate executive in his previous jobs. After joining the Company, he took charge of corporate planning section. In 2020, he was appointed as the Chief Strategy Officer (CSO) of the Company, and promoted growth strategy of the Showa Denko Group since then. Furthermore, since January 2022, he has been supervising and promoting management strategy of the Showa Denko Group as Representative Director, President and Chief Executive Officer (CEO) of the Company.</p> <p>He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director, and enough knowledge and business experience concerning each business of the Company, which are essential to realize Corporate Philosophy of the Showa Denko Group. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.</p> <p>Personal history and positions at the Company</p> <p>April 1986      Joined Mitsubishi Bank, Ltd. (current MUFG Bank, Ltd.)</p> <p>February 2002    General Manager, Business Development Department, GE Japan Holding Corporation</p> <p>October 2004    Asia Pacific President, GE Sensing &amp; Inspection Technologies, GE Japan Holding Corporation</p> <p>October 2008    President &amp; CEO, Silicones Business, Momentive Performance Materials Japan Inc.</p> <p>January 2013    President &amp; CEO, GKN Driveline Japan plc</p> <p>October 2015    Joined the Company Senior Corporate Fellow, Assistant to President</p> <p>January 2016    Corporate Officer; General Manager, Corporate Strategy Department</p> <p>January 2017    Managing Corporate Officer</p> <p>March 2017      Director; Managing Corporate Officer</p> <p>July 2017        Director; Managing Corporate Officer; General Manager, Carbon Division</p> <p>January 2020    Director; Managing Corporate Officer; Chief Strategy Officer (CSO)</p> <p>March 2020      Representative Director; Managing Corporate Officer, in charge of Carbon Division, Ceramics Division, Coating Materials Department, Yokohama Plant, Shiojiri Plant and Corporate Strategy Department; Chief Strategy Officer (CSO)</p> <p>June 2020        Director, Showa Denko Materials Co., Ltd.</p> <p>January 2022    Representative Director; President and Chief Executive Officer (CEO), Showa Denko K.K. (incumbent)</p> <p>Representative Director, President and Chief Executive Officer (CEO), Showa Denko Materials Co., Ltd. (incumbent) (up to the present)</p> <p>Important Concurrent Post: Representative Director, President and Chief Executive Officer (CEO), Showa Denko Materials Co., Ltd.</p> <p>Term of office as a Director: 5 years Number of attendance at the Board of Directors' meeting: 14/14</p>	8,700 shares
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Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held																		
3	<p data-bbox="284 869 469 965">Hisashi Maruyama (March 8, 1961)</p> <p data-bbox="284 994 469 1028">To be reelected</p>	<p data-bbox="501 215 1070 241">Reason for nomination as a candidate for Director</p> <p data-bbox="501 248 1267 562">At former Hitachi Chemical Company, Ltd. (current Showa Denko Materials Co., Ltd.), he was engaged in automotive products and functional materials businesses, and supervised CSR Management Sector and Corporate Business Strategy Headquarters. In 2016, he was appointed as the President of then Hitachi Chemical Company, Ltd. and has been supervising and promoting business strategy of then Hitachi Chemical Group. He has sufficient knowledge and business experience to realize business integration of Showa Denko and Showa Denko Materials.</p> <p data-bbox="501 568 1267 723">He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.</p> <p data-bbox="501 759 1027 786">Personal history and positions at the Company</p> <table data-bbox="501 792 1267 1458"> <tr> <td data-bbox="501 792 655 819">April 1983</td> <td data-bbox="655 792 1267 853">Joined Hitachi Chemical Company, Ltd. (current Showa Denko Materials Co., Ltd.)</td> </tr> <tr> <td data-bbox="501 860 655 887">April 2011</td> <td data-bbox="655 860 1267 920">Executive Officer, Hitachi Chemical Company, Ltd.</td> </tr> <tr> <td data-bbox="501 927 655 954">April 2015</td> <td data-bbox="655 927 1267 987">Vice President and Executive Officer, Hitachi Chemical Company, Ltd.</td> </tr> <tr> <td data-bbox="501 994 655 1021">April 2016</td> <td data-bbox="655 994 1267 1021">President, Hitachi Chemical Company, Ltd.</td> </tr> <tr> <td data-bbox="501 1028 655 1055">June 2016</td> <td data-bbox="655 1028 1267 1088">Director; President, Hitachi Chemical Company, Ltd.</td> </tr> <tr> <td data-bbox="501 1095 655 1122">June 2020</td> <td data-bbox="655 1095 1267 1200">Representative Director; President, Chief Executive Officer (CEO) and Chief Quality Officer (CQO), Hitachi Chemical Company, Ltd.</td> </tr> <tr> <td data-bbox="501 1207 655 1234">January 2021</td> <td data-bbox="655 1207 1267 1312">Representative Director; President and Chief Executive Officer (CEO), Showa Denko Materials Co., Ltd.</td> </tr> <tr> <td data-bbox="501 1319 655 1346">March 2021</td> <td data-bbox="655 1319 1267 1346">Director, Showa Denko K.K. (incumbent)</td> </tr> <tr> <td data-bbox="501 1352 655 1379">January 2022</td> <td data-bbox="655 1352 1267 1458">Representative Director; Chairman of the Board, Showa Denko Materials Co., Ltd. (incumbent) (up to the present)</td> </tr> </table> <p data-bbox="501 1494 1219 1583">Important Concurrent Post: Representative Director; Chairman of the Board, Showa Denko Materials Co., Ltd.</p> <p data-bbox="501 1619 1235 1686">Term of office as a Director: 1 year Number of attendance at the Board of Directors' meeting: 11/11.</p>	April 1983	Joined Hitachi Chemical Company, Ltd. (current Showa Denko Materials Co., Ltd.)	April 2011	Executive Officer, Hitachi Chemical Company, Ltd.	April 2015	Vice President and Executive Officer, Hitachi Chemical Company, Ltd.	April 2016	President, Hitachi Chemical Company, Ltd.	June 2016	Director; President, Hitachi Chemical Company, Ltd.	June 2020	Representative Director; President, Chief Executive Officer (CEO) and Chief Quality Officer (CQO), Hitachi Chemical Company, Ltd.	January 2021	Representative Director; President and Chief Executive Officer (CEO), Showa Denko Materials Co., Ltd.	March 2021	Director, Showa Denko K.K. (incumbent)	January 2022	Representative Director; Chairman of the Board, Showa Denko Materials Co., Ltd. (incumbent) (up to the present)	0 share
April 1983	Joined Hitachi Chemical Company, Ltd. (current Showa Denko Materials Co., Ltd.)																				
April 2011	Executive Officer, Hitachi Chemical Company, Ltd.																				
April 2015	Vice President and Executive Officer, Hitachi Chemical Company, Ltd.																				
April 2016	President, Hitachi Chemical Company, Ltd.																				
June 2016	Director; President, Hitachi Chemical Company, Ltd.																				
June 2020	Representative Director; President, Chief Executive Officer (CEO) and Chief Quality Officer (CQO), Hitachi Chemical Company, Ltd.																				
January 2021	Representative Director; President and Chief Executive Officer (CEO), Showa Denko Materials Co., Ltd.																				
March 2021	Director, Showa Denko K.K. (incumbent)																				
January 2022	Representative Director; Chairman of the Board, Showa Denko Materials Co., Ltd. (incumbent) (up to the present)																				

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
4	Hiroshi Sakai (October 25, 1961)  <span style="border: 1px solid black; padding: 2px;">To be reelected</span>	<p>Reason for nomination as a candidate for Director After joining the Company, he continued to be involved in research and development (R&amp;D) programs of the Company. In 2007, he took charge of R&amp;D section of HD Division. In 2019, he supervised development of HD media and SiC epitaxial wafer for power devices in Device Solutions Division. Since 2020, as Chief Technology Officer (CTO), he has been supervising and promoting the Company's R&amp;D strategy. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.</p> <p>Personal history and positions at the Company</p> <p>April 1986      Joined the Company</p> <p>January 2012    Corporate Fellow; General Manager, Technology Development Department, HD Sector</p> <p>January 2013    Corporate Fellow; General Manager, Technology Development Control Department, HD Division</p> <p>January 2015    Senior Corporate Fellow; General Manager, Technology Development Control Department, HD Division</p> <p>January 2019    Corporate Fellow; General Manager, Technology Development Control Department, Device Solutions Division</p> <p>January 2020    Corporate Officer; Chief Technology Officer (CTO)</p> <p>March 2020      Director; Corporate Officer; Chief Technology Officer (CTO)</p> <p>June 2020       Director, Showa Denko Materials Co., Ltd.</p> <p>January 2022    Director; Managing Corporate Officer; Chief Technology Officer (CTO), Showa Denko K.K. (incumbent)</p> <p>Director; Managing Corporate Officer; Chief Technology Officer (CTO); General Manager, Research and Innovation Promotion Headquarters, Showa Denko Materials Co., Ltd. (incumbent) (up to present)</p> <p>Important Concurrent Post: None</p> <p>Term of office as a Director: 2 years Number of attendance at the Board of Directors' meeting: 14/14</p>	8,500 shares

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
5	<p data-bbox="293 1010 459 1137">Hideki Somemiya (February 14, 1968)</p> <p data-bbox="293 1171 459 1234">To be newly elected</p>	<p data-bbox="501 215 1070 241">Reason for nomination as a candidate for Director</p> <p data-bbox="501 248 1262 405">He has an excellent track record as financial officer of foreign affiliated investment banks and industrial companies. Thus he has expert knowledge of corporate finance and accounting which is deemed necessary for realization of Corporate Philosophy of the Showa Denko Group.</p> <p data-bbox="501 412 1257 568">He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.</p> <p data-bbox="501 602 1027 629">Personal history and positions at the Company</p> <p data-bbox="501 636 1238 723">April 1990      Joined Nomura Research Institute, Ltd., and assigned to Office for Research in Corporate Finance</p> <p data-bbox="501 730 1161 817">June 1997      Joined Nomura Securities Co., Ltd. Deputy Head Researcher, Institute for Financial Research</p> <p data-bbox="501 824 1246 911">May 1999      Joined Merrill Lynch Japan Securities Co., Ltd., and assigned to investment bank section</p> <p data-bbox="501 918 1198 1005">January 2007    General Manager, Telecommunication &amp; Media Technology Group, Merrill Lynch Japan Securities Co., Ltd.</p> <p data-bbox="501 1012 1230 1099">July 2009      Joined JPMorgan Securities Japan Co., Ltd., General Manager, Technology, Media &amp; Telecommunication Group, Investment Banking Headquarters</p> <p data-bbox="501 1106 1257 1193">July 2015      Joined Sony Corporation (current Sony Group Corporation), Vice President attached to CFO, Chief Financial Strategist</p> <p data-bbox="501 1200 1246 1288">May 2016      Temporarily transferred to Sony Semiconductor Solutions Corporation</p> <p data-bbox="501 1294 1246 1382">June 2016      General Manager, Corporate Strategy Headquarters, Sony Semiconductor Solutions Corporation</p> <p data-bbox="501 1388 1246 1476">December 2016    General Manager, Planning &amp; Administration Headquarters (CFO), Sony Semiconductor Solutions Corporation</p> <p data-bbox="501 1482 1238 1570">June 2019      General Manager, System Solution Division, Sony Semiconductor Solutions Corporation</p> <p data-bbox="501 1576 1193 1664">July 2020      Corporate Officer in charge of solution business, Sony Semiconductor Solutions Corporation</p> <p data-bbox="501 1671 1238 1758">March 2021      Officer Attached to CFO in charge of special assignment, Sony Corporation (current Sony Group Corporation)</p> <p data-bbox="501 1765 1182 1852">October 2021    Joined the Company, General Manager, Preparation Office for Group CFO</p> <p data-bbox="501 1859 1246 1968">January 2022    Managing Corporate Officer; Chief Financial Officer (CFO), Showa Denko K.K. (incumbent)</p> <p data-bbox="501 1975 1246 2063">Managing Corporate Officer; Chief Financial Officer (CFO), Showa Denko Materials Co., Ltd. (incumbent) (up to the present)</p> <p data-bbox="501 2096 879 2123">Important Concurrent Post: None</p>	2,400 shares

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
6	Tomomitsu Maoka (May 10, 1974)  To be newly elected	<p>Reason for nomination as a candidate for Director He has an excellent track record as officer in charge of business operation at foreign affiliated industrial companies and an executive in charge of corporate planning and business in China at Japanese industrial companies. Thus he has expert knowledge of corporate strategy planning and global corporate management, which is deemed necessary for realization of Corporate Philosophy of the Showa Denko Group. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. Based on these, the Company judged he is suitable for a Director, and nominated him as a candidate for Director.</p> <p>Personal history and positions at the Company</p> <p>April 1999      Joined A.T. Kearney, Inc. April 2005      Joined Infineon Technologies Japan K.K., General Manager in charge of Strategy in Japan May 2009      General Manager, Industrial &amp; Chip Card Business Headquarters, Infineon Technologies Japan K.K. October 2010    General Manager, Industrial &amp; Multi Market Business Headquarters, Infineon Technologies Japan K.K. December 2011    Joined Lenovo Japan Corporation, Lenovo/NEC Project Director April 2012      Strategy Director, Lenovo Japan Corporation April 2013      Commercial Operations Director, Lenovo Japan Corporation December 2013    Joined Renesas Electronics Corporation, General Manager, Corporate Planning, Planning Headquarters December 2015    Corporate Officer; General Manager, Corporate Planning, Renesas Electronics Corporation February 2016    Corporate Officer; Deputy General Manager, Second Solution Business Headquarters, Renesas Electronics Corporation March 2017      Corporate Officer; China Business Headquarters, Renesas Electronics Corporation April 2019      Corporate Officer; Deputy General Manager, Production Headquarters, Renesas Electronics Corporation August 2019      Corporate Officer; Deputy General Manager, Automotive Solution Business Headquarters, Renesas Electronics Corporation October 2021      Joined the Company, General Manager, Preparation Office for Group CSO January 2022      Managing Corporate Officer; Chief Strategy Officer (CSO), Showa Denko K.K. (incumbent) Managing Corporate Officer; Chief Strategy Officer (CSO), Showa Denko Materials Co., Ltd. (incumbent) (up to the present)</p> <p>Important Concurrent Post: None</p>	700 shares

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
7	<p>Masaharu Oshima (March 17, 1949)</p> <p>To be reelected</p> <p>Outside</p> <p>Independent</p>	<p>Reason for nomination as a candidate for Director Since his inauguration as Director in 2015, we have been receiving from him valuable advice on the management of the Company, especially in the field of research and development, based on his abundant expertise and experience as a researcher of electronics. In addition, as Outside Director, he has been supervising management of the Company while foreseeing how technologies will be developed in the future. We therefore believe he is suitable for the position as Outside Director. Though Mr. Oshima has never taken part in management of business companies in the past, he participated in commercialization of results of joint researches with multiple companies. We therefore judged he can appropriately fulfill his duties as Outside Director, and nominated him as a candidate for Director.</p> <p>Personal history and positions at the Company</p> <p>April 1974      Joined Nippon Telegraph and Telephone Public Corporation (current Nippon Telegraph and Telephone Corporation)</p> <p>November 1995      Professor, Applied Chemistry Department, Graduate School of Engineering, The University of Tokyo</p> <p>April 2006      Director, Synchrotron Radiation Research Organization, The University of Tokyo</p> <p>October 2009      Chairman, The Japanese Society for Synchrotron Radiation Research</p> <p>April 2013      Project Professor, Synchrotron Radiation Research Organization, The University of Tokyo</p> <p>May 2013      Chairman, The Surface Science Society of Japan</p> <p>June 2013      Emeritus Professor, The University of Tokyo (incumbent)</p> <p>April 2014      Project Researcher, Synchrotron Radiation Research Organization, The University of Tokyo</p> <p>March 2015      Outside Director, of the Company (incumbent)</p> <p>April 2015      Special Professor, Tokyo City University (incumbent)</p> <p>July 2016      Project Researcher, School of Engineering, The University of Tokyo</p> <p>December 2016      Project Researcher, Institute for Solid State Physics, The University of Tokyo (incumbent) (up to the present)</p> <p>Important Concurrent Post: None</p> <p>Term of office as a Director: 7 years</p> <p>Number of attendance at the Board of Directors' meeting: 14/14</p>	0 share

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
8	<p>Kiyoshi Nishioka (March 10, 1952)</p> <p>To be reelected</p> <p>Outside</p> <p>Independent</p>	<p>Reason for nomination as a candidate for Director After taking part in R&amp;D, manufacturing and sales sections of Nippon Steel Corporation, he took charge of technology development programs of the whole company. Thus he has rich expert knowledge and insight about R&amp;D. In addition, since his inauguration as Director in 2018, he has been providing us with valuable advice on the management and business execution of the Company, based on his rich experience as an academic researcher in technology management and industry-academia collaboration. As Outside Director, he has been supervising management of the Company on the basis of his rich expertise about material manufacturer. We therefore judged he can appropriately fulfill his duties as Outside Director, and nominated him as a candidate for Director.</p> <p>Personal history and positions at the Company</p> <p>April 1977      Joined Nippon Steel Corporation April 1997      Plant Manager, Thick Steel Plate Plant, Kimitsu Works, Nippon Steel Corporation (General Manager) April 2001      General Manager, Thick Steel Plate Sales Department, Head Office, Nippon Steel Corporation June 2005      Director; General Manager, Technology Development Planning Department, Technology Development Headquarters, Nippon Steel Corporation June 2006      Corporate Officer; General Manager, Technology Development Planning Department, Technology Development Headquarters, Nippon Steel Corporation June 2009      Counselor, Nippon Steel Corporation November 2012      Special Professor, Research Center for Advanced Science and Technology, The University of Tokyo April 2017      Adviser, Research Center for Advanced Science and Technology, The University of Tokyo (incumbent) April 2017      Visiting Professor, Ehime University (incumbent) March 2018      Outside Director, of the Company (incumbent) July 2019      Representative Director, VCRI Co., Ltd. (incumbent) (up to the present)</p> <p>Important Concurrent Post: Representative Director, VCRI Co., Ltd.</p> <p>Term of office as a Director: 4 years Number of attendance at the Board of Directors' meeting: 14/14</p>	0 share

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
9	<p>Kozo Isshiki (January 28, 1946)</p> <p><u>To be reelected</u></p> <p><u>Outside</u></p> <p><u>Independent</u></p>	<p>Reason for nomination as a candidate for Director He was engaged in the financial industry for many years, has rich experience in industrial finance, and has deep expertise especially in the chemical industry. In addition, since his inauguration as Director in 2019, he has been supervising overall management of the Company, showing deep understanding of the business of the Company, and providing us with valuable advice. He has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. We therefore judged he can appropriately fulfill his duties as Director, and nominated him as a candidate for Director.</p> <p>Personal history and positions at the Company</p> <p>July 1969      Joined Japan Development Bank (current Development Bank of Japan Inc.)</p> <p>April 1993    General manager, General Affairs Department, Japan Development Bank</p> <p>May 1994      Executive Secretary, Japan Development Bank</p> <p>June 1996      General Manager, Industry &amp; Technology Department, Japan Development Bank</p> <p>May 1998      General Manager, Human Resources Department, Japan Development Bank</p> <p>June 2001      Executive Director, Development Bank of Japan, Inc.</p> <p>May 2005      Chairman of the Board, Technology Alliance Investment, Ltd.</p> <p>June 2015      Director, Medical System Network Co., Ltd. (Outside Director) (incumbent)</p> <p>March 2019    Outside Director, of the Company (incumbent) (up to the present)</p> <p>Important Concurrent Post: None</p> <p>Term of office as a Director: 3 years Number of attendance at the Board of Directors' meeting: 14/14</p>	0 share

Candidate No.	Name (Date of Birth)	Reason for nomination as a candidate for Director, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
10	<p data-bbox="288 667 448 790">Noriko Morikawa (October 18, 1958)</p> <p data-bbox="288 824 448 853">To be reelected</p> <p data-bbox="331 887 421 916">Outside</p> <p data-bbox="304 949 448 978">Independent</p>	<p data-bbox="501 215 1070 244">Reason for nomination as a candidate for Director</p> <p data-bbox="523 248 1259 533">After services with a securities company and an accounting office, she managed companies in the information and communication industry and automotive parts industry as a manager or director in charge of accounting and finance. In addition, she now has a position as outside director of another company. Since her inauguration as Director in 2020, she has been providing us with valuable advice on the management of the Company, especially on the business execution of the Company's administrative sector.</p> <p data-bbox="523 537 1259 692">She has high principles, wide-ranging insight, strict ethical view, fair judgement, and executive power, which are essential characters to carry out his duties as Director. We therefore judged she can appropriately fulfill her duties as Director, and nominated her as a candidate for Director.</p> <p data-bbox="501 725 1027 754">Personal history and positions at the Company</p> <p data-bbox="523 759 1259 1267"> April 1981      Joined CHORI CO., LTD.  August 1988    Joined Daiwa Securities America Inc.  September 1991    Joined Arthur Andersen  March 1995      Joined Motorola Inc.  March 2005      Director, in charge of accounting and finance;  General Manager, Accounting and Finance  Headquarters in Japan, Motorola Inc.  June 2009      Joined Bosch Corporation  August 2010     Director; Vice President, in charge of  Administrative Headquarters, Bosch  Corporation  June 2018      Outside Director, CHORI CO, LTD.  (incumbent)  March 2020     Outside Director, of the Company (incumbent)  June 2020      Outside Director, Mitsubishi Heavy Industries,  Ltd. (incumbent) (up to the present) </p> <p data-bbox="501 1301 879 1330">Important Concurrent Post: None</p> <p data-bbox="501 1368 916 1397">Term of office as a Director: 2 years</p> <p data-bbox="501 1402 1227 1431">Number of attendance at the Board of Directors' meeting: 14/14</p>	0 share



- Notes:
1. None of the candidates for the Directors has any special interest in the Company.
  2. Mr. Hideki Somemiya and Mr. Tomomitsu Maoka are candidates to be newly elected.
  3. Mr. Masaharu Oshima, Mr. Kiyoshi Nishioka, Mr. Kozo Isshiki and Ms. Noriko Morikawa are candidates for Outside Directors.
  4. Mr. Masaharu Oshima, Mr. Kiyoshi Nishioka, Mr. Kozo Isshiki and Ms. Noriko Morikawa will have served as Outside Directors of the Company for seven (7) years, four (4) years, three (3) years and two (2) years respectively at the close of this ordinary general meeting of shareholders.
  5. Pursuant to the provisions of Articles of Incorporation, in case Mr. Masaharu Oshima, Mr. Kiyoshi Nishioka, Mr. Kozo Isshiki and Ms. Noriko Morikawa are reelected, the Company plans to extend the existing agreements with them limiting their liability for damages within a defined range. The amount of limited liability under the agreement shall be the minimum level stipulated by laws and regulations.
  6. The Company has a directors and officers liability insurance policy with an insurance company, which is stipulated in Article 430-3, Section 1 of the Companies Act, in order to complement liabilities of insureds caused by claims for damages and the cost of lawsuit when insureds are claimed for damages due to their actions taken to fulfill their functions as Directors or Audit & Supervisory Board Members. The Company plans to include candidates for Directors in insureds if they are elected.
  7. Pursuant to relevant rules of the Tokyo Stock Exchange, Inc. (TSE), the Company has notified the TSE that Mr. Masaharu Oshima, Mr. Kiyoshi Nishioka and Mr. Kozo Isshiki and Ms. Noriko Morikawa have been appointed as the Company's independent directors who will not have conflicting interests with general shareholders.

VCRI Co., Ltd., in which Mr. Kiyoshi Nishioka has important concurrent post, and the Company do not have any special relationship.

Though Mr. Kiyoshi Nishioka was an employee and an executive of Nippon Steel Corporation, the amount of annual business transactions between the Company and Nippon Steel Corporation is less than 2% of the Company's net sales, and does not meet the condition to be recognized as major business acquaintance of the Company. We therefore judge Mr. Kiyoshi Nishioka will not have conflicting interests with general shareholders.

Mr. Kozo Isshiki was an employee of Development Bank of Japan Inc. Though the Company has business relations with Development Bank of Japan Inc. including borrowing money from it, the percentage of money borrowed from Development Bank of Japan Inc. is less than 2% of the Company's total assets, and does not meet the condition to be recognized as major business acquaintance of the Company. In addition, 15 years have already passed since Mr. Isshiki's retirement from Development Bank of Japan Inc. We therefore judge Mr. Kozo Isshiki will not have conflicting interests with general shareholders.

Though Ms. Noriko Morikawa was an employee and an executive of Bosch Corporation, the amount of annual business transactions between the Company and Bosch Corporation is less than 2% of the Company's net sales, and does not meet the condition to be recognized as major business acquaintance of the Company. We therefore judge Ms. Noriko Morikawa will not have conflicting interests with general shareholders.

**Proposal No.4: Election of One Audit & Supervisory Board Member**

The terms of office of Audit & Supervisory Board Member Mr. Setsu Onishi is to expire at the close of this general meeting of shareholders. Therefore, the Company proposes election of one Audit & Supervisory Board Member as successors to them.

As to this proposal, approval from the Audit & Supervisory Board has been obtained.

The candidate for Audit & Supervisory Board Member is as listed below:

Name	Current Position at the Company	Statuses
Yasuyuki Miyasaka		To be newly elected Outside Independent

[Reference] Audit & Supervisory Board Members who continue to be incumbent

Name	Current Position at the Company	Statuses
Toshiharu Kato	Standing Statutory Member of Audit & Supervisory Board	Incumbent
Jun Tanaka	Standing Statutory Member of Audit & Supervisory Board	Incumbent
Kiyomi Saito	Audit & Supervisory Board Member	Incumbent Outside Independent
Masako Yajima	Audit & Supervisory Board Member	Incumbent Outside Independent

To be newly elected: Candidate for Audit & Supervisory Board Member to be newly elected

Incumbent: Audit & Supervisory Board Member who continues as incumbent

Outside: Outside Member of Audit & Supervisory Board (or its candidate)

Independent: Independent Member of Audit & Supervisory Board under the provisions of the stock exchange, etc.

Name (Date of Birth)	Reason for nomination as a candidate for Audit & Supervisory Board Member, Personal History, Positions at the Company, and Important Concurrent Posts	Number of Shares of the Company Held
<p data-bbox="272 611 448 707">Yasuyuki Miyasaka (April 1, 1952)</p> <p data-bbox="272 734 448 804">To be newly elected</p>	<p data-bbox="491 215 1278 275">Reason for nomination as a candidate for Audit &amp; Supervisory Board Member</p> <p data-bbox="512 282 1278 499">As a certified public accountant, he has been engaged in auditing in and outside Japan through many years. He has expert knowledge and rich experience of corporate finance and accounting. Therefore, he can provide appropriate audit opinion about the entire company. Based on these, the Company judged he is suitable for Outside Member of Audit &amp; Supervisory Board, and nominated him as a candidate for Outside Member of Audit &amp; Supervisory Board.</p> <p data-bbox="491 533 1011 562">Personal history and positions at the Company</p> <p data-bbox="512 568 1278 629">November 1975 Joined Tohmatsu &amp; Aoki (current Deloitte Touche Tohmatsu LLC)</p> <p data-bbox="512 636 1278 665">March 1980 Registered as a certified public accountant (CPA)</p> <p data-bbox="512 672 1278 732">June 1990 Partner, Deloitte Touche Tohmatsu (current Deloitte Touche Tohmatsu LLC)</p> <p data-bbox="512 739 1278 768">August 1993 Resident at Singapore Office, Deloitte &amp; Touche</p> <p data-bbox="512 775 1278 851">October 2010 General Manager, Risk Management &amp; Examination Office (IFRS), Deloitte Touche Tohmatsu LLC</p> <p data-bbox="512 857 1278 887">June 2017 Resigned from Deloitte Touche Tohmatsu LLC</p> <p data-bbox="512 893 1278 954">July 2017 Established Yasuyuki Miyasaka CPA Office, and became President of the CPA Office. (incumbent)</p> <p data-bbox="512 960 1278 1108">June 2018 Outside Director, ITOCHUSHOKUHI Co., Ltd. (incumbent) Outside Corporate Auditor, Board of Corporate Auditors, Santen Pharmaceutical Co., Ltd. (incumbent) (up to the present)</p> <p data-bbox="491 1142 975 1202">Important Concurrent Post: President, Yasuyuki Miyasaka CPA Office</p>	<p data-bbox="1362 696 1445 725">0 share</p>

- Notes:
1. Mr. Yasuyuki Miyasaka does not have any special interest in the Company.
  2. Mr. Yasuyuki Miyasaka is a candidate to be newly elected.
  3. Mr. Yasuyuki Miyasaka is a candidate for Outside Member of Audit & Supervisory Board.
  4. Mr. Yasuyuki Miyasaka has considerable knowledge about finance and accounting.
  5. Pursuant to the provisions of Articles of Incorporation, in case Mr. Yasuyuki Miyasaka is elected, the Company plans to conclude agreements with him limiting his liability for damages within a defined range. The amount of limited liability under the agreement shall be the minimum level stipulated by laws and regulations.
  6. The Company has a directors and officers liability insurance policy with an insurance company, which is stipulated in Article 430-3, Section 1 of the Companies Act, in order to complement liabilities of insureds caused by claims for damages and the cost of lawsuit when insureds are claimed for damages due to their actions taken to fulfill their functions as Directors or Audit & Supervisory Board Members. The Company plans to include Mr. Yasuyuki Miyasaka in insureds if he is elected.
  7. Pursuant to the relevant rules of the Tokyo Stock Exchange, Inc. (TSE), the Company plans to notify the TSE that Mr. Yasuyuki Miyasaka has been nominated as a candidate for Independent Member of Audit & Supervisory Board of the Company who will not have any conflicting interests with general shareholders. There is no special relation between the Company and Yasuyuki Miyasaka CPA Office, in which Mr. Yasuyuki Miyasaka has another position.

[Reference]

## Expertise of each Director and Audit & Supervisory Board Member

### Vision for post-integration

The Showa Denko Group has revised its Long-term Vision, which had been announced in December 2020, and set the ideal state of the newly integrated company as “Co-Creative Chemical Company.” The Group has also set the Purpose of the Newly Integrated Company as “Change society through the power of chemistry,” and now aims to become “Company that can compete on the world stage,” “Company that contributes to sustainable global society,” and “Company that develops talent that represents Japan’s manufacturing industry.”

### Medium- to long-term strategy to realize the Vision








To realize the Vision, it is necessary for the Group to make the most of our business portfolio that combines Core Growth businesses, Next-Generation businesses, Stable Earnings businesses, and Fundamental Technologies/Materials businesses. We have positioned our Electronics, Mobility, and Life Science businesses as “growth businesses” that will lead the growth of the entire Showa Denko Group, and will make these businesses grow rapidly.

### Major issues to be discussed at the Board of Directors’ meetings

To enhance the effectiveness of the Vision, it will be necessary for the Board of Directors to have lively discussion about “the way to compete on the world stage,” “contribution to SDGs,” “autonomous business portfolio reform,” and “innovation including technical synergy” and quick decision making.

### Identification of skills necessary for Directors

On the basis of above discussion, we formulated a matrix that indicates expertise and experience of each Director and each Member of the Audit & Supervisory Board.

	Name	In/outside the company	Term of office (years)	 Global Business	 Innovation and Fusion of Technology	 ESG and Sustainability	 Portfolio Management	 Finance/Accounting	 Personnel Management/Development	 Legal/Risk Management
Director	Kohei Morikawa		6	●	●	●	●			●
	Hidehito Takahashi		5	●		●	●	●		●
	Hisashi Maruyama		1	●		●	●	●		●
	Hiroshi Sakai		2	●	●	●				
	Hideki Somemiya		-	●		●	●	●		
	Tomomitsu Maoka		-	●	●	●	●			
	Masaharu Oshima	Outside	7	●	●	●			●	
	Kiyoshi Nishioka	Outside	4	●	●	●	●			
	Kozo Isshiki	Outside	3		●		●	●	●	
	Noriko Morikawa	Outside	2	●		●		●	●	
	Total			9	6	9	7	5	3	3
Audit & Supervisory Board Member	Toshiharu Kato		3	●		●		●		
	Jun Tanaka		2		●	●	●		●	
	Kiyomi Saito	Outside	10	●	●		●	●		
	Masako Yajima	Outside	2	●						●
	Yasuyuki Miyasaka	Outside	-	●				●		●
		Total			4	2	2	2	3	1

## **Proposal No. 5: Revision of the Maximum Amount of Compensation Payable to Directors**

It was approved at the 107<sup>th</sup> ordinary general meeting of shareholders on March 30, 2016 that the amount of director compensation in money should not exceed ¥42 million a month and that up to ¥450 million (including ¥288 million for directors) should be contributed over three financial years for acquisition of shares as compensation to directors (excluding outside directors) and corporate officers. To achieve its long-term numerical goals set forth in the long-term vision (2021-2030) for the newly integrated company, SDK intends to ensure executive officers' commitment to financial results and enhancement of enterprise value, realization of a co-creation-type chemical company with a commitment to "Change society through the power of chemistry" as well as reflection of the concept of compensation schemes under the long-term vision. Thus, we propose to revise our director compensation scheme according to the present proposal and Proposal No. 6 "Revision of the Maximum Amount of Performance-linked Stock Compensation Payable to Directors."

Based on deliberations of the Compensation Advisory Committee, where independent outside directors have a majority, and in consideration of the extent of the Showa Denko Group's social role and responsibility, trends of companies in the chemical industry and others competing in business and for human resources, and changes in the management environment, we would like to newly set the maximum amount of basic compensation for directors and short-term-performance-linked compensation for directors (referred to as "compensation in money" in Proposal No. 6) at ¥850 million a year, including the maximum of ¥100 million a year for outside directors. We will continue to provide only basic compensation to outside directors. As for directors concurrently serving as employees, the amount of director compensation will continue to exclude the amount of compensation for employees.

As for the amount of compensation to respective directors, we hope the matter will be left entirely to the Board of Directors, on condition that decisions will be made within the framework of the proposed revision and after deliberations of the Compensation Advisory Committee. The number of directors now stands at 10 (of which four are outside directors.) After approval of Proposal No. 3, the number of directors will not see any changes.

We would like to revise the basic compensation to directors retroactive to January 2022 when they started execution of duties. For directors in office from January through March 2022 (excluding outside directors and those who will resign as directors or corporate officers after completion of the present general meeting of shareholders), we will pay three months' worth of revised basic compensation in accordance with respective positions and responsibilities less already-paid three months' worth of basic compensation before revision (so far as the number is positive). The payment will be made in a lump sum after completion of the present general meeting of shareholders.

SDK's Board of Directors has established "Policy on Deciding Director Compensation" through deliberations at the Compensation Advisory Committee. When No. 5 and No. 6 proposals are approved, the Board of Directors will, after completion of the present general meeting of shareholders, change the policy accordingly. This proposal has been decided by the Board of Directors based on a report from the Compensation Advisory Committee after deliberations and comprehensive consideration of the purpose of revision as well as rationality in view of the current levels and trends pertaining to companies of similar business type and scale. Thus, we consider this proposal is reasonable. (For details of SDK's director compensation scheme after Proposal No. 5 and Proposal No. 6 are approved, please refer to "Reference: Outline of New Director Compensation Scheme.")

< Reference: Outline of New Director Compensation Scheme >

The management team has worked with the Compensation Advisory Committee composed mainly of independent outside officers to work out a new director compensation scheme that supports realization of the long-term vision for the newly integrated company. To ensure executive officers' firm commitment to financial results and enhancement of enterprise value, it has been decided to change the scheme as from 2022 to recruit and maintain excellent human resources from inside and outside while strengthening the linkage between financial goals under the long-term vision and director compensation. The outline of the new director compensation scheme in and after 2022, when Proposal No. 5 and Proposal No. 6 are approved, is as follows:

### 1. Basic policy

#### • Directors (excluding outside directors)

A compensation scheme appropriate for recruiting and maintaining excellent human resources from inside and outside as SDK aims to become a co-creation-type chemical company

A compensation scheme that will help motivate efforts to achieve financial goals and increase medium-to-long-term enterprise value, thereby contributing to sustainable growth of the Group

A transparent, fair and rational process for deciding compensation from the viewpoint of accountability to all stakeholders, including shareholders

- Outside directors

A compensation scheme appropriate for the role and responsibility for supervising the management of SDK from an independent and objective standpoint

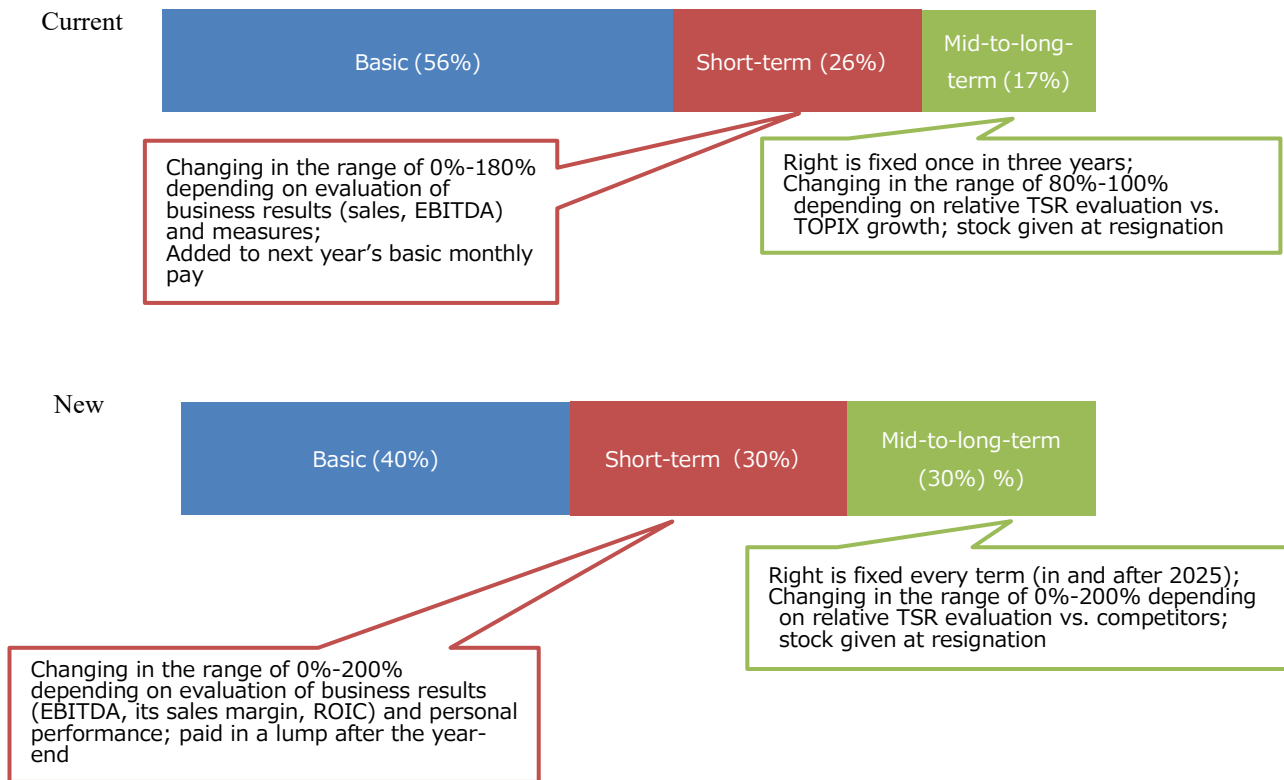
2. Composition and levels of compensation

The compensation for executive directors and corporate officers consists of basic compensation (fixed compensation) based on position, etc., short-term performance-linked compensation, and medium-to-long-term performance-linked compensation (stock-based compensation). In case of a standard amount for President and CEO, the proportions of basic, short-term performance-linked, and medium-to-long-term performance-linked compensations are roughly 40%:30%:30%. Compensations for other executive directors and corporate officers are decided in line with the case of president. As for director and chairman of the board (without right of representation), short-term performance-linked compensation will not be given in view of its basic role of supervising the management. Compensation paid to outside directors and members of the Audit & Supervisory Board will be only basic compensation in consideration of their roles and responsibilities. In deciding the composition and levels of compensation, we will use objective market research data provided by external specialized institutions (such as Willis Towers Watson’s database regarding compensation for executives). We will consider the results of comparison with global chemical or other material companies of a similar scale.

Chart 1 Type of compensation and scope of payment

Type of compensation			Scope			
Fixed / fluctuating	Money or not money	Composition	Executive directors / corporate officers	Director / chairman of the board (without right of representation)	Outside directors	Members of the Audit & Supervisory Board
Fixed	Money	Basic	○	○	○	○
Fluctuating		Short-term performance-linked (Bonuses)	○	-	-	-
		Medium-to-long-term performance linked (Stock-based)	○	○	-	-
	Not money					

Chart 2 Percentage of compensation components for President and CEO (image)



### 3. Incentive compensation

Incentive compensation will be granted according to performance based on indexes of long-term numerical goals included in the integrated company's long-term vision. It is intended to urge performance of tasks for realizing vision and strategy under the compensation scheme linked to business results and enterprise value.

#### (1) Short-term performance-linked compensation (bonuses)

Payment to each person is decided by multiplying standard value (decided in advance based on position) by performance evaluation coefficient (changing in the range of 0%-200%). The coefficient consists of overall business results evaluation (70%) and personal evaluation (30%). In the case of representative director and chairman of the board, only overall business results evaluation is considered.

Indexes of overall business results evaluation consist of the amount of consolidated EBITDA (20%), the ratio of consolidated EBITDA to sales (30%), and ROIC (20%). As for the first two, evaluation is made relative to the degree of achievement of goals for each term. As for ROIC, evaluation is made on the basis of the average for the past three years.

Personal performance evaluation is made by the Compensation Advisory Committee entrusted by the Board of Directors concerning individual goals, evaluation, and the amount of payment. In case of misconduct, SDK may nullify the right to receive benefit or demand return of compensation, depending on the timing of misconduct and the timing of its revelation. The Board of Directors will make a decision on the matter after deliberations at the Advisory Committee.



Chart 3 Evaluation indexes of short-term performance-linked compensation (bonuses)

Evaluation indexes		Weighting of evaluation
Evaluation of overall business results	Consolidated EBITDA (amount)	20%
	Ratio of consolidated EBITDA to sales (%)	30%
	ROIC	20%
Personal performance evaluation		30%

(2) Medium-to-long-term compensation (stock-based compensation)

Under the new scheme, points are given by multiplying standard figures (decided in advance based on position) by TSR evaluation coefficient (changing in the range of 0%-200%). TSR evaluation coefficient will be decided based on SDK's rank order of three-year relative TSR evaluation (percentile, hereinafter "%ile") by comparison with competitors in the chemical and other materials industries having similar business models and of the same size or larger. To encourage realization of the long-term vision, TSR coefficient will be set at 100% when SDK's rank order is in 60%ile, while it will be 0% when SDK's rank order is below 20%ile. To promote long-term sharing of value with shareholders, shares will be given in a lump after resignation according to cumulative points.

In case of misconduct, SDK may nullify the right to receive benefit or demand return of compensation, depending on the timing of misconduct and the timing of its revelation. The Board of Directors will make a decision on the matter after deliberations at the Advisory Committee.

Chart 4 TSR evaluation period and share grant (image)

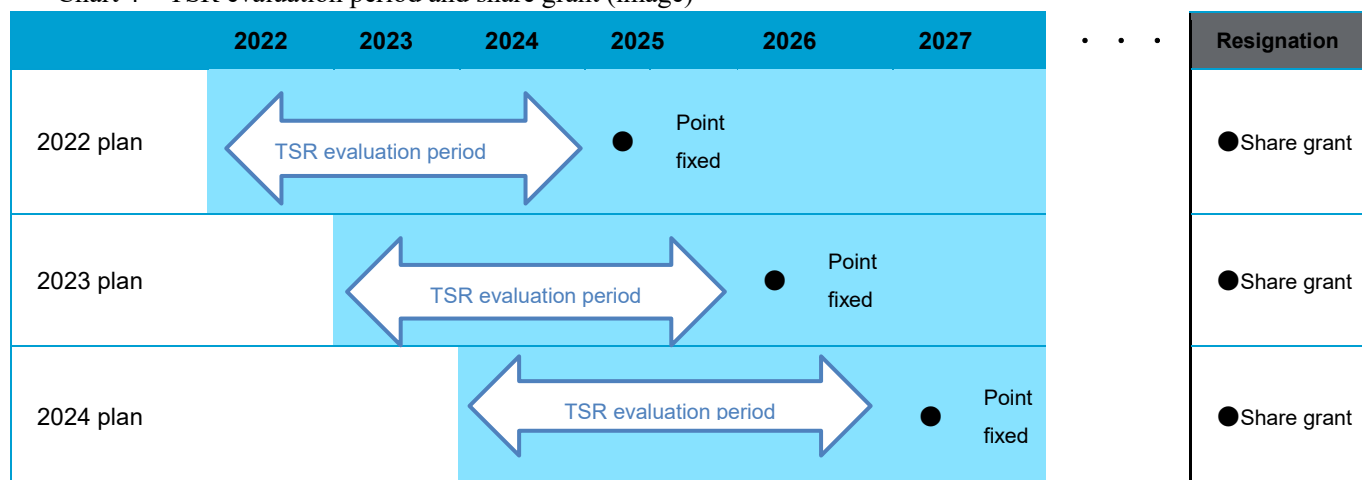
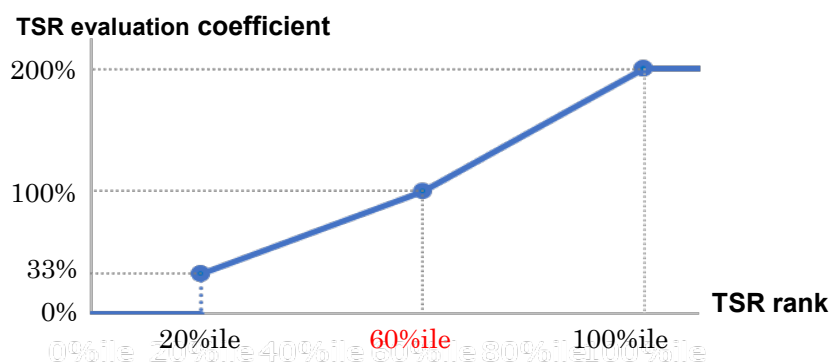


Chart 5 TSR evaluation coefficient



$$TSR = \frac{\text{Average closing stock price in Dec. of the last year} + \text{Total amount of dividends during the period}}{\text{Average closing stock price in Dec. immediately preceding the evaluation period}}$$

Chart 6 Companies to be compared in relative TSR evaluation (22 firms)

Toray, Teijin, Mitsubishi Chemical Holdings, Sumitomo Chemical, Asahi Kasei, Kao, Mitsui Chemicals, Shiseido, Nippon Paint Holdings, Nitto Denko, TOSOH, DIC, FUJIFILM Holdings, Shin-Etsu Chemical, Sekisui Chemical, Air Water, Nippon Sanso Holdings, Unicharm, Ube Industries, Mitsubishi Gas Chemical, Kaneka, and Kuraray

**Proposal No. 6: Revision of the Maximum Amount of Performance-linked Stock Compensation Payable to Directors**

1. Reasons for proposal

At the 107<sup>th</sup> ordinary general meeting of shareholders on March 30, 2016, it was approved to introduce a performance-linked stock compensation scheme for directors (excluding outside directors, the same applies hereinafter unless otherwise noted) and corporate officers (“Directors and Others”). This scheme is based on Board Benefit Trust, or BBT (“the Scheme”). Following the revision of the director compensation scheme to ensure executive officers’ commitment to financial results and enhancement of enterprise value as well as realization of a co-creation-type chemical company with a commitment to “Change society through the power of chemistry,” we are proposing to revise the maximum amount of compensation under BBT.

Based on consideration of the extent of the Group’s social role and responsibility, trends of companies in the chemical industry and others competing in business and for human resources, and changes in the management environment, we aim to further clarify the linkage between director compensation and SDK’s business results as well as stock value. By sharing both the merits of higher stock prices and the risks of lower ones with shareholders, Directors and Others will increase their commitment to higher medium-to-long-term business results and enterprise value. The Board of Directors considers this proposal is reasonable as it is also consistent with its policy concerning decision of individual directors’ compensation.

This proposal is separate from Proposal No. 5 (Revision of the Maximum Amount of Compensation Payable to Directors) where the maximum amount of compensation in money is set at ¥850 million a year, including the maximum of ¥100 million a year for outside directors. (As for directors concurrently serving as employees, the amount of compensation for employees is not included in the figure.) As for details of this scheme, we hope the matter will be left entirely to the Board of Directors, on condition that decisions will be made within the framework of 2. below. When Proposal No. 3 is approved as is, the number of directors subject to the Scheme will become five. While we added Councilors to the scope of the Scheme at the Board of Directors’ meeting on March 5, 2019, we will remove them this time following the revision of the Scheme.

2. Amount of compensation and specific content of the Scheme

(1) Outline of the Scheme

The Scheme is a performance-linked stock compensation scheme in which a trust acquires shares in SDK using funds contributed by SDK and the shares are granted by the trust to SDK’s Directors and Others pursuant to the Director Share Grant Regulations prescribed by the Board of Directors. The shares are granted to each of the Directors and Others at the time of resignation, in principle.

(2) Targets of the Scheme

Directors (excluding Outside Directors) and Corporate Officers

(3) Trust period

The trust period will be from May 2016 to the expiration of the Trust. (No specific expiration date is set for the Trust, which will remain in effect as long as the Scheme continues to be in force. The Scheme will terminate in the event of a stock exchange delisting of shares in SDK, an abolition of the Director Share Grant Regulations or other circumstances.)

(4) Amount of funds contributed to the Trust

SDK has introduced the Scheme for three financial years from the one ended December 31, 2016 to the one ended December 31, 2018 (this period of initial three financial years, as well as each subsequent period of three financial years, are hereinafter referred to as “Target Period”) and for each of subsequent Target Periods. SDK contributed ¥400 million to the Trust as funds to acquire shares in SDK for the purpose of granting them to Directors and Others as well as Councilors under the Scheme. Eligible Directors and Others as well as Councilors are treated as beneficiaries of the Trust. Using funds contributed by SDK, the Trust has acquired 3,000,000 shares in SDK.

The Trust will continue for the purpose of granting benefits to Directors and Others based on the Scheme. SDK will make an additional contribution of up to ¥2,400 million (including ¥1,350 million for Directors) for each of the Target Periods until the termination of the Scheme, as funds to acquire shares in SDK. If, however, in the event of SDK making such additional contribution, the trust assets contain any residual SDK shares (excluding shares yet to be granted to Directors and Others as well as Councilors, among SDK shares corresponding to the number of points assigned to such executives) or any money (“Residual Shares, etc.”) on the last day of the Target Period immediately preceding the Target Period for which SDK intends to make the additional contribution, the combined total value of the Residual Shares, etc. (the applicable value of the SDK shares shall be the amount of their book value on the last day of the above-mentioned immediately-preceding Target Period) and the money shall be within the limits of the maximum amount according to this proposal subject to approval by the present general meeting of shareholders. When additional contribution is decided, SDK will disclose it in a timely and appropriate manner.

(5) Method for the Trust to acquire shares and the number of shares to be acquired

The Trust will acquire shares in SDK by way of the stock market or by underwriting shares of SDK’s treasury stock, using funds contributed according to (4) above. The upper limit of the total number of points to be granted to Directors and Others for each financial year will be 730,000 as described in (6) below. Thus, the upper limit of the total number of SDK shares to be acquired by the Trust for each Target Period will be 2,190,000. SDK will disclose details of share acquisition by the Trust in a timely and appropriate manner.

(6) Upper limit of the number of SDK shares to be granted to Directors and Others

Standard points are granted to each of Directors and Others for each financial year according to his/her position as well as market price of SDK shares. These standard points are reviewed after three years, in principle, and multiplied by an evaluation coefficient pertaining to total shareholder return (TSR) for the relevant three years. (The coefficient is set in the range of 0% to 200% in accordance with relative TSR ranking order in the chemical industry, etc.) Thus, definitive points are given to respective Directors and Others. In case of dividends for SDK shares within the Trust assets corresponding to the definitive points given to Directors and Others as a result of dividend of surplus by SDK, additional points will be given to Directors and Others by dividing the amount of dividends by the book value of shares held by the Trust as of the effective date of dividend payment. (A fraction is to be rounded off.) The maximum number of points to be given to Directors and Others for one financial year (after multiplied by the TSR-related coefficient and including additional points at the time of dividend payment) shall be 730,000 (including 410,000 for Directors). This number has been decided after comprehensive consideration of the current level of director compensation, the number of Directors and Others, and future prospect. We consider this number is reasonable.

Each point to be granted to Directors and Others is converted into one common share in SDK on the occasion of the share granting mentioned in (7) below. (If, however, SDK shares are subjected to a share split, gratis share allocation or share consolidation after this proposal is approved, the Trust will make a reasonable adjustment to the upper limit of the points, granted points, or conversion ratio, according to the applicable percentage figures.) The number of shares (730,000) corresponding to the upper limit of points to be given to Directors and Others for one business year accounts for approx. 0.4% of the total stocks issued (as of December 31, 2021, after deduction of treasury stock). The number of points for Directors and Others, used as a basis for granting shares in (7) below, shall be the number of points given to Directors and Others by the time of resignation, in principle. (The points thus calculated will be hereinafter referred to as “Total Definitive Points.”)

(7) Granting of SDK shares

After resignation, any of the Directors and Others meeting beneficiary requirements set forth in the Director Share Grant Regulations will be allowed, in principle, to receive SDK shares from the Trust corresponding to an applicable number of Definitive Points as stipulated in (6) above, by performing a specified beneficiary determination procedure.

However, in case of a resolution of dismissal at a general meeting of shareholders or resignation due to breach of duty, SDK may not give a definitive point related to standard points or cancel already given points in whole or in part. This will also apply to a case of voluntary retirement, where the Compensation Advisory Committee decides not to give a definitive point related to standard points or cancel already given points in whole or in part. In case of misconduct, SDK may nullify the right to receive benefit or demand return of compensation after deliberations at the Advisory Committee and by resolution of the Board of Directors, depending on the timing of misconduct and the timing of its revelation.

(8) Exercise of voting rights

On the instructions of the trust administrator, the Trust will uniformly not exercise voting rights for SDK shares held in the trust account. This is intended to ensure the neutrality of SDK's business management regarding the voting rights of such shares.

(9) Handling of dividends

The Trust will receive dividends for SDK shares held in the trust account, and use them to acquire other shares in SDK and pay trust fees payable to the trustee. Pursuant to the Director Share Grant Regulations, any such dividends remaining in the trust account at the termination of the Trust will be granted to Directors and Others serving SDK at the time in proportion to the number of points held respectively.

(10) Procedure to be performed at trust termination

The Trust will terminate in the event of a stock exchange delisting of shares in SDK, an abolition of the Director Share Grant Regulations or other circumstances. SDK will acquire, at no charge, all SDK shares among assets held in the trust account at the termination of the Trust, and retire them with the resolution of the Board of Directors. Any money contained in the residual assets held in the trust account at the termination of the Trust will be delivered to SDK in an amount less the deduction of the amount to be granted to Directors and Others as stipulated in (9) above.

**Proposal No. 7: Payment of Short-term-performance-linked Compensation (Bonus) to Directors**

In the current remuneration system for Directors, the amount of short-term-performance-linked compensation (Bonus) to be paid to each Director is determined through a formula in which the amount predetermined in accordance with the Director's position is multiplied by a coefficient corresponding to the result of Director's performance assessment. This amount will be divided into monthly amounts to be paid, and each of the monthly amount will be paid to each Director with other monthly basic remunerations throughout the next business year, which starts from the next month of the month in which an ordinary general meeting of shareholders is convened. Here the Company proposes to pay the whole amount of this short-term-performance-linked compensation to be paid to each Director as Bonus for the year ending in December 2021, which is to be paid to each Director every month starting from April 2022 and ending in March 2023 under the current remuneration system, in around June 2022 collectively. The purpose of this proposal is to avoid coexistence of monthly payment of the Bonus for the year ending in December 2021 and that for the year ending in December 2022, which is expected to happen in March 2023 if the proposals No. 3 and No. 5 of this ordinary general meeting of shareholders are approved and executed, and also to reward Directors for their contribution to rapid execution of the process to integrate the Company and Showa Denko Materials Co., Ltd. under this harsh business environment.

In addition, the Company proposes to set 119 million yen as the maximum amount of the yearly sum of Bonuses concerning the Company's performance in 2021, which is to be paid to five Directors who are expected to be in their offices until the end of this business year, under the condition that the Proposal No. 5 "Revision of the Maximum Amount of Compensation Payable to Directors" and the Proposal No. 6 "Revision of the Maximum Amount of Performance-linked Stock Compensation Payable to Directors" are approved. The Company also proposes to leave the determination of the amount of Bonus to be paid to each Director to the Board of Directors' discretion under the condition that this matter is deliberated at the Remuneration Advisory Committee before decision is made by the Board of Directors and that the yearly sum of Bonuses is kept within the total amount as suggested above.

The Company has judged that this proposal is appropriate because, in addition to the purposes mentioned above, this proposal is in line with the Company's policy concerning remunerations to be paid to Directors which stipulates that remunerations to be paid to Directors should be based on the Company's performance and each Director's performance reflecting performance of businesses under each Director's supervision, and because this proposal is decided to be proposed by the Board of Directors after deliberation at the Remuneration Advisory Committee. For the Company's policy concerning decision about the remunerations to be paid to Directors, please refer to "Reference: Outline of New Director Compensation Scheme."